

ANALYSIS METHODOLOGY FOR COMPUTING LINE ITEM ADJUSTMENTS

Numerical Rounding

Budgets were developed using whole numbers. When program strategies were summarized, each was rounded down to the nearest one thousand. Rounding makes for ease of reading when reviewing the document.

Salaries

- The wage and salary base was established for each filled or authorized-to-be-filled position.
- This base is increased for all wage adjustments for FY/06 to occur prior to July 1, 2005 so as to incorporate current contractual increases.
- Employee benefits are calculated on wage and salary costs at the following rates: FICA – 7.65% regular, 1.45% for police and fire hired after April 1, 1986; PERA – 19.01% for bus drivers, security and animal control officers, blue and white collar and management/professional, 33.4% for fire, 18.50% for police, and 7.00% for temporary employees and some seasonal employees. Other employee benefits (group life, health insurance, employee bus passes and unemployment insurance) – 14.79%; retiree health (RHCA) – 1.3%.
- A vacancy savings rate of 3.5% for city departments is calculated into employee salaries with the exception of the public safety departments of Fire, Police and MDC. These departments remain at .5%. Smaller city departments also remain at a reduced rate.

Operating Expenses

Department managers were required to provide detailed information supporting FY/06 budget requests for professional services, contract services and repairs and maintenance. Other FY/06 operating expenses were equal to FY/05 appropriated amounts. One-time appropriations for FY/05 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.
- For FY/06, utilities (gas, electricity, water) are budgeted based on historical expenditures and anticipated needs.
- Beyond those stated above, line item increases needing special justifications include either extraordinary price increases, increased workload, or a special need not previously funded.

Capital Expenditures

New and replacement property items are included in the appropriate program appropriations within each of the funds.

Transfers

- Workers' Compensation and insurance transfers are treated as direct transfers to the Risk Management Fund in each program for FY/06. These transfers are identified by the Finance and Administrative Services Department, Risk Management Division based on the historical experience and exposure factors relative to each specific program. Year four of the five-year plan to address an \$11.57 million deficit continues in FY/06.
- Vehicle maintenance charges are estimated for FY/06 according to the class of vehicle and historical cost of maintaining that class. These charges are designed to recover the costs of normal maintenance including a preventive maintenance program which schedules vehicles for periodic checks and needed repairs as determined by those checks.
- Radio maintenance costs are based on historical average prices during an 18-month period ending December 2004.
- Fuel costs are estimated by using YTD FY/05 and trending through FY/06. Estimated gallon usage for FY/06 is 2.5 million. The associated cost for fuel is \$4.2 million, which is an increase of \$1.25 million over FY/05. The average cost per gallon is \$1.688.